

BEFORE THE IDAHO BOARD OF TAX APPEALS

IN THE MATTER OF THE APPEAL OF RONNIE G.) APPEAL NO. 07-A-2491
MILLS from the decision of the Board of Equalization) FINAL DECISION
of Kootenai County for tax year 2007.) AND ORDER

RESIDENTIAL HOMESITE APPEAL

THIS MATTER came on for hearing November 5, 2007, in Coeur d'Alene, Idaho before Board Member Linda S. Pike. Board Members Lyle R. Cobbs and David E. Kinghorn participated in this decision. Appellant Ronnie G. Mills and Mary Mills appeared at hearing. Residential Appraiser Supervisor Darin Krier and Appraisers Ken Merwin and Chrystal Booth appeared for Respondent Kootenai County. This appeal is taken from a decision of the Kootenai County Board of Equalization (BOE) modifying the protest of the valuation for taxing purposes of property described as Parcel No. 01095001001A.

The issue on appeal is the market value of a residential homesite.

The decision of the Kootenai County Board of Equalization is reversed.

FINDINGS OF FACT

The one-acre homesite is valued at \$324,000, the improvements' valuation is \$484,180, and the remaining 45.502 acres are valued at \$7,007, totaling \$815,187. Appellant requested the homesite value be reduced to \$180,000, with no changes to the other valuations, for a total reduced value of \$671,187.

The subject property is a 47.644 acre parcel zoned rural. Subject is located on the East side of Lake Coeur d'Alene overlooking Carlin Bay. The property is improved with a residence and pole building. The only issue on appeal is the value of the one-acre homesite.

Appellant argued subject was assessed inequitably compared to other view sites in the area. Most specifically, the adjacent Campbell property with a homesite roughly 320 feet from subject's. The homesite was assessed at \$166,320. The nearby Twillman and Seaver

homesites were valued at \$117,000 each. Also provided was a table with eleven (11) other view sites in the area. The 2007 assessments ranged between \$209,440 and \$237,600 for lots between .365 and 3.675 acres.

Appellant also submitted 2007 listing information for eleven (11) other unimproved view properties in the area. The lots ranged between .48 and 1.0 acres with asking prices between \$99,500 and \$199,000.

Respondent's sales were challenged on the basis of comparability to subject. It was noted the sales were located in a subdivision owned by Carlin Bay Property Owners Association, where the following amenities are available: community water and sewer systems, private beach, docks and boat slips, private airstrip, a maintained roadway system, and maintained green spaces. Subject does not enjoy any of these amenities.

Appellant further provided two (2) bare lot sales in subject's area. Sale #1 involved a 3.06 acre lot that sold in April 2007 for \$229,000. The remaining sale was a 2.44 acre lot that sold for \$249,000 in October 2005.

Respondent noted the history leading up to this appeal. Subject was originally placed in Geo-Economic Area (GEA) 6052, which included properties owned by the Carlin Bay Property Owner's Association. Subject's homesite was valued at \$408,000. A GEA was explained to be an area determined by the Assessor's office to contain property with similar features that would likely sell similarly in the market. At BOE, Respondent noticed subject should have not been included in GEA 6052 and requested the property be moved to GEA 6065. The Commissioners accepted the recommendation and subject was moved to the new GEA and the homesite value was reduced to \$324,000.

Respondent questioned Appellant's comparison of subject to some of the other properties

in the area because they were actually in different GEAs. Specifically the Twillman and Seaver properties, which were both in GEA 6060. Respondent referenced ten (10) other parcels in GEA 6065 with same homesite value as subject and noted homesite values ranged in the GEA ranged from \$129,600 to \$410,000.

Respondent testified two (2) sales were analyzed and used to index/trend the surrounding properties. Sale #1 was a .242 acre parcel improved with a 1,440 square foot residence that sold in February 2006. The actual sale price was not shared, however, the time adjusted sale price was reported at \$370,454. After extracting the improvement value, the residual land value was listed as \$209,440. Sale #2 involved a .52 acre lot improved with a 2,252 square foot residence. The property sold in September 2006 with a time-adjusted sale price of \$436,178. After extracting the improvement value, the value assigned to the land was reported to be \$209,440.

CONCLUSIONS OF LAW

This Board's goal in its hearings is the acquisition of sufficient, accurate evidence to support a determination of fair market value. This Board, giving full opportunity for all arguments and having considered all testimony and documentary evidence submitted by the parties in support of their respective positions, hereby enters the following.

Idaho Code § 63-205 mandates property be assessed at market value on January 1 of the applicable tax year; January 1, 2007 in this case.

“Market value” means the amount of United States dollars or equivalent for which, in all probability, a property would exchange hands between a willing sell, under no compulsion to sell, and an informed, capable buyer, with a reasonable time allowed to consummate the sale, substantiated by a reasonable down or full cash payment. Idaho Code § 63-201(10).

Asking prices are not considered reliable market value evidence, so we will not consider the property listings offered by Appellant. Likewise, Appellant's 2007 lot sale cannot be considered because it occurred after the January 1, 2007 lien date.

The October 2005 sale, while somewhat dated, can be considered. The lot was 2.44 acres and sold for \$249,000. While not clear in the record, the sale appears to be located in a different GEA, but still in subject's area.

Appellant also alleged subject was assessed inequitably compared to nearby view sites. Appellant focused most closely on the adjacent Campbell property. The Campbell homesite was estimated to be only 320 feet from subject's residence and was assessed at \$166,320. Subject's homesite was valued at \$324,000.

Respondent challenged Appellant's comparison of subject to other view lots on the basis the properties were located in different GEAs. Examination of Respondent's evidence revealed that while some of the properties referenced by Appellant were indeed in different GEAs, the adjacent Campbell property was actually in the same GEA 6065. The variance in assessed values between this homesite and subject's was not explained.

Respondent presented two (2) improved sales that occurred in 2006 which were used to index the assessed values of surrounding properties. Sale #1 was a .242 acre lot improved with a 1,440 square foot residence with a time-adjusted sale price of \$370,454. Sale #2 was a .52 acre lot with a 2,252 square foot residence attached with a time-adjusted sale price of \$436,178. After extracting the improvement values, the residual values assigned to the land were \$209,440 each.

Appellant questioned the comparability of the sales on the basis they were located in an area owned by the Carlin Bay Property Owner's Association. The amenities enjoyed by such lots

were noted as follows; community water and sewer systems, private beach area, docks and boat slips, a private airstrip, and maintained roadways and green spaces.

Close examination of Respondent's sales raises several questions of comparability. Most notably, the amenities enjoyed by the sale properties because they belong to the Carlin Bay Property Owners Association. Subject does not have any of the above-referenced amenities, yet it does not appear this was considered in subject's assessment.

Also, it looks as though the sales could be considered lakefront properties. It is difficult to ascertain if the lots actually touch the water from the maps provided, but they are very close. Subject is located some distance from the lake.

Further, it appears Respondent used the total sale prices of the properties to support subject's homesite value. As noted earlier, once the improvement values are removed from the time-adjusted sale prices, the residual land values for each lot are only \$209,440.

Most troubling however, is the fact the properties are located in a different GEA than subject. Respondent stressed the importance of properties being located in the same GEA for comparison purposes and in fact challenged Appellant's case on this basis. Subject is located in GEA 6065 and the sales are both situated in GEA 6130.

Despite the apparent questions of comparability, the Board has only three (3) timely sales by which to value the subject property. We find Appellants 2005 sale too stale for determining subject's 2007 value, especially when 2006 sales are available. Though the importance of staying within the same GEA was stressed by Respondent, the GEA 6130 sales are the only 2006 market data in evidence.

The indicated land value for both sales is \$209,440. Of course simply assigning that value to subject's homesite would ignore the significant differences between the properties and subject.

As noted earlier, the parcels are very close to the water and enjoy numerous amenities associated with being a part of the Carlin Bay Property Owners Association. Given all this, we believe Appellant's value claim of \$180,000 is reasonable and supported by the available sales. The decision of the Kootenai County Board of Equalization is reversed accordingly.

FINAL ORDER

In accordance with the foregoing Final Decision, IT IS ORDERED that the decision of the Kootenai County Board of Equalization concerning the subject parcel be, and the same hereby is, reversed, lowering the assessed homesite value to \$180,000, with all other valuations to remain unchanged.

IT IS FURTHER ORDERED that any taxes which have been paid in excess of those determined to have been due be refunded or applied against other *ad valorem* taxes due from Appellant.

MAILED May 1, 2008